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TOWN OF GUEYDAN, LOUISIANA

Financial Statements

Year Ended December 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-28-06

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INDEPENDENT AUDITORS' REPORT

The Honorable Chris Theriot, Mayor,
and Members of the Board of Aldermen
Town of Gueydan, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2006 on our consideration of the Town of Gueydan, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions with laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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CERTIFIED PUBLIC ACCOUNTANTS

The required supplementary information on pages 35 through 36 are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Town of Gueydan has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gueydan, Louisiana's basic financial statements. The other supplementary information on pages 39 through 62 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
January 30, 2006

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF GUEYDAN, LOUISIANA

Statement of Net Assets
December 31, 2005

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 895,141	\$1,027,317	\$ 1,922,458
Receivables, net	-	242,306	242,306
Other receivables	14,416	60,203	74,619
Due from other governmental units	176,045	-	176,045
Total current assets	<u>1,085,602</u>	<u>1,329,826</u>	<u>2,415,428</u>
Noncurrent assets:			
Restricted assets -			
Interest bearing deposits	-	24,915	24,915
Capital assets, net	9,587,508	4,899,553	14,487,061
Total noncurrent assets	<u>9,587,508</u>	<u>4,924,468</u>	<u>14,511,976</u>
Total assets	<u>10,673,110</u>	<u>6,254,294</u>	<u>16,927,404</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	16,634	59,169	75,803
Accrued interest payable	6,661	-	6,661
Capital lease payable	6,720	-	6,720
Total current liabilities	<u>30,015</u>	<u>59,169</u>	<u>89,184</u>
Noncurrent liabilities:			
Customers' deposits	-	24,915	24,915
Capital lease payable	118,549	-	118,549
Total noncurrent liabilities	<u>118,549</u>	<u>24,915</u>	<u>143,464</u>
Total liabilities	<u>148,564</u>	<u>84,084</u>	<u>232,648</u>
NET ASSETS			
Invested in capital assets, net of related debt	9,455,578	4,899,553	14,355,131
Unrestricted	1,068,968	1,270,657	2,339,625
Total net assets	<u>\$ 10,524,546</u>	<u>\$6,170,210</u>	<u>\$ 16,694,756</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2005

	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 264,890	\$ 66,149	\$ 144,903	\$ 37,262	\$ (16,576)	\$ -	\$ (16,576)
Public safety:							
Police	192,294	8,145	-	-	(184,149)	-	(184,149)
Fire	171,540	-	19,470	-	(152,070)	-	(152,070)
Public works	439,918	9,755	-	-	(430,163)	-	(430,163)
Total governmental activities	1,068,642	84,049	164,373	37,262	(782,958)	-	(782,958)
Business-type activities:							
Electricity	1,345,980	1,947,764	-	-	-	601,784	601,784
Gas	417,610	450,275	-	-	-	32,665	32,665
Water	200,148	68,084	-	-	-	(132,064)	(132,064)
Sewer	160,522	79,280	-	-	-	(81,242)	(81,242)
Total business-type activities	2,124,260	2,545,403	-	-	-	421,143	421,143
Total	\$ 3,192,902	\$ 2,629,452	\$ 164,373	\$ 37,262	(782,958)	421,143	(361,815)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					19,509	-	19,509
Sales and use taxes, levied for general purposes					197,470	-	197,470
Beer taxes					2,974	-	2,974
Interest and investment earnings					6,592	8,831	15,423
Miscellaneous					22,137	-	22,137
(Loss) Gain on sale of capital assets					(26,799)	975	-
Transfers					729,111	(729,111)	-
Total general revenues and transfers					950,994	(719,305)	231,689
Change in net assets					168,036	(298,162)	(130,126)
Net assets - January 1, 2005					10,356,510	6,468,372	16,824,882
Net assets - December 31, 2005					\$10,524,546	\$ 6,170,210	\$16,694,756

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Sales Tax Special Revenue Fund

To account for the receipt and use of proceeds of the Town's one percent sales and use tax. These taxes are dedicated to the following purposes: constructing, acquiring, extending, and improving the natural gas, waterworks, and sewer systems; and paying principal and interest on bonded or funded indebtedness.

Enterprise Fund

Utility Fund -

To account for the provision of light, gas, water, and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service, and billing and collection.

TOWN OF GUEYDAN, LOUISIANA

Balance Sheet Governmental Funds December 31, 2005

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash	\$ 23,355	\$ 453,524	\$ 7,537	\$ 484,416
Interest-bearing deposits	88,931	321,794	-	410,725
Receivables:				
Ad valorem tax	9,789	-	-	9,789
Franchise tax	1,141	-	-	1,141
Accrued interest	1,085	2,401	-	3,486
Due from other governmental units	<u>124,934</u>	<u>49,491</u>	<u>1,620</u>	<u>176,045</u>
Total assets	<u>\$ 249,235</u>	<u>\$ 827,210</u>	<u>\$ 9,157</u>	<u>\$ 1,085,602</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 12,960	\$ -	\$ -	\$ 12,960
Accrued expenses	<u>3,674</u>	<u>-</u>	<u>-</u>	<u>3,674</u>
Total liabilities	<u>16,634</u>	<u>-</u>	<u>-</u>	<u>16,634</u>
Fund balances:				
Unreserved, undesignated	<u>232,601</u>	<u>827,210</u>	<u>9,157</u>	<u>1,068,968</u>
Total liabilities and fund balances	<u>\$ 249,235</u>	<u>\$ 827,210</u>	<u>\$ 9,157</u>	<u>\$ 1,085,602</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2005

Total fund balances for governmental funds at December 31, 2005 \$ 1,068,968

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 26,949	
Buildings, net of \$88,288 accumulated depreciation	683,960	
Infrastructure, net of \$2,724,635 accumulated depreciation	8,194,070	
Equipment, furniture, and fixtures net of \$382,989 accumulated depreciation	350,809	
Improvements other than buildings, net of \$549,003 accumulated depreciation	<u>331,720</u>	9,587,508

Long-term liabilities at December 31, 2005:

Capital lease payable	(125,269)
Accrued interest on capital lease	<u>(6,661)</u>

Total net assets of governmental activities at December 31, 2005 \$10,524,546

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2005

	General	Sales Tax Special Revenue	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 19,509	\$197,470	\$ -	\$ 216,979
Licenses and permits	58,848	-	-	58,848
Intergovernmental	195,682	8,927	-	204,609
Charges for services	2,345	-	-	2,345
Fines and forfeiture	8,145	-	-	8,145
Interest	1,287	5,305	-	6,592
Other	36,848	-	-	36,848
Total revenues	<u>322,664</u>	<u>211,702</u>	<u>-</u>	<u>534,366</u>
Expenditures:				
Current -				
General government	237,672	2,114	-	239,786
Public safety	325,125	-	180	325,305
Public works	239,212	3,985	-	243,197
Capital outlays	113,479	17,183	-	130,662
Debt service:				
Principal	6,352	-	-	6,352
Interest	7,634	-	-	7,634
Total expenditures	<u>929,474</u>	<u>23,282</u>	<u>180</u>	<u>952,936</u>
(Deficiency) excess of revenues over expenditures	<u>(606,810)</u>	<u>188,420</u>	<u>(180)</u>	<u>(418,570)</u>
Other financing sources (uses):				
Transfers in	738,000	-	-	738,000
Transfers out	<u>-</u>	<u>(8,889)</u>	<u>-</u>	<u>(8,889)</u>
Total other financing sources (uses)	<u>738,000</u>	<u>(8,889)</u>	<u>-</u>	<u>729,111</u>
Net changes in fund balances	131,190	179,531	(180)	310,541
Fund balances, beginning	<u>101,411</u>	<u>647,679</u>	<u>9,337</u>	<u>758,427</u>
Fund balances, ending	<u>\$ 232,601</u>	<u>\$827,210</u>	<u>\$ 9,157</u>	<u>\$1,068,968</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2005

Total net changes in fund balances at December 31, 2005 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 310,541
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The change in net assets reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 130,662	
Depreciation expense for the year ended December 31, 2004	<u>(253,057)</u>	(122,395)

Governmental funds report bonded debt repayments as expenditures.
However, this expenditure does not appear in the statement of activities
since the payment is applied against the bond payable balance on the
statement of net assets

6,352

Difference between interest on long-term debt on modified accrual basis
versus interest on long-term debt on accrual basis

337

Loss on disposal of capital assets

(26,799)

Total changes in net assets at December 31, 2005 per Statement of Activities	<u>\$ 168,036</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Net Assets
December 31, 2005

ASSETS

Current assets:	
Cash	\$ 226,426
Interest-bearing deposits	800,891
Accounts receivable, net of allowance	242,306
Unbilled utility receivables	56,526
Accrued interest receivable	<u>3,677</u>
Total current assets	<u>1,329,826</u>
Noncurrent assets:	
Restricted assets -	
Interest-bearing deposits	24,915
Capital assets, net of accumulated depreciation	<u>4,899,553</u>
Total noncurrent assets	<u>4,924,468</u>
Total assets	<u>6,254,294</u>

LIABILITIES

Current liabilities:	
Accounts payable	56,106
Sales tax payable	1,626
Accrued expenses	<u>1,437</u>
Total current liabilities	59,169
Noncurrent liabilities:	
Customers' deposits	<u>24,915</u>
Total liabilities	<u>84,084</u>

NET ASSETS

Invested in capital assets	4,899,553
Unrestricted	<u>1,270,657</u>
Total net assets	<u>\$ 6,170,210</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended December 31, 2005

Operating revenues:	
Charges for services	\$2,531,349
Miscellaneous	<u>14,054</u>
Total operating revenues	<u>2,545,403</u>
Operating expenses:	
Electric department expenses	1,307,064
Gas department expenses	376,332
Water department expenses	88,520
Sewerage department expenses	75,582
Depreciation	<u>276,762</u>
Total operating expenses	<u>2,124,260</u>
Operating income	421,143
Nonoperating revenues:	
Gain on sale of assets	975
Interest income	<u>8,831</u>
Total nonoperating revenues	<u>9,806</u>
Income before transfers	<u>430,949</u>
Transfers in (out):	
Transfers in	8,889
Transfers out	<u>(738,000)</u>
Total transfers in (out)	<u>(729,111)</u>
Change in net assets	(298,162)
Net assets, beginning	<u>6,468,372</u>
Net assets, ending	<u>\$6,170,210</u>

The accompanying notes are an integral part of the basic statement.

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2005

Cash flows from operating activities:	
Receipts from customers	\$2,459,223
Payments to suppliers	(1,685,337)
Payments to employees	(152,817)
Other receipts	<u>14,054</u>
Net cash provided by operating activities	<u>635,123</u>
 Cash flows from noncapital financing activities:	
Transfers from other funds	8,889
Transfers to other funds	<u>(738,000)</u>
Net cash used by noncapital financing activities	<u>(729,111)</u>
 Cash flows from capital and related financing activities:	
Net meter deposits	2,340
Acquisition of property, plant and equipment	(16,083)
Proceeds from sales of capital assets	<u>975</u>
Net cash used by capital and related financing activities	<u>(12,768)</u>
 Cash flows from investing activities:	
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	368,841
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(374,113)
Interest on investments	<u>7,155</u>
Net cash provided by investing activities	<u>1,883</u>
 Net decrease in cash and cash equivalents	(104,873)
 Cash and cash equivalents, beginning of period	<u>782,992</u>
 Cash and cash equivalents, end of period	<u>\$ 678,119</u>

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund (continued)
Year Ended December 31, 2005

Cash flows from operating activities:	
Operating income	\$ 421,143
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	276,762
Changes in assets and liabilities:	
Increase in accounts receivable	(73,711)
Decrease in unbilled utilities receivable	1,585
Increase in accounts payable	9,192
Increase in sales tax payable	<u>152</u>
Net cash provided by operating activities	<u>\$ 635,123</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash- unrestricted	177,725
Interest-bearing deposits, unrestricted	951,533
Interest-bearing deposits, restricted	22,575
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(368,841)</u>
Total cash and cash equivalents	<u>782,992</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, end of period -	
Cash- unrestricted	226,426
Interest-bearing deposits, unrestricted	800,891
Interest-bearing deposits, restricted	24,915
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(374,113)</u>
Total cash and cash equivalents	<u>678,119</u>
Net decrease	<u>\$ (104,873)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Gueydan (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsection of this note.

A. Financial Reporting Entity

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town of Gueydan has no such component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the Town of Gueydan, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Town are described below:

Governmental Funds -

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Sales Tax Special Revenue Fund accounts for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Additionally, the Town reports the following fund types:

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Funds -

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The Town's enterprise fund is the Utility Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased. See Note (2) for additional GASB No. 3 disclosures.

Investments

Under state law the Town may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2005, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customers' utility receivables at December 31, 2005 and 2004 was \$4,399 and \$3,003, respectively. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	25-50 years

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service.

Sick and vacation leave is awarded on a calendar year basis and cannot be carried over to the next year; therefore, no liability for compensated absences is recorded in the financial statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. Restricted net assets -- Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets -- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 4

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Aldermen.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2005, the Town has cash and interest-bearing deposits (book balances) totaling \$1,947,373 as follows:

Demand deposits	\$ 707,931
Savings and certificates of deposit	<u>1,239,442</u>
Total	<u>\$ 1,947,373</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2005, are as follows:

Bank balances	<u>\$ 2,107,402</u>
At December 31, 2005 the deposits are secured as follows:	
Federal deposit insurance	277,754
Pledged securities (Category 3)	<u>1,829,648</u>
Total	<u>\$ 2,107,402</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. See Note (1)D for additional GASB No. 3 disclosures.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town on December 1 and are due by February 28. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended December 31, 2005, taxes of 4.22 mills were levied on property with assessed valuations totaling \$4,595,580 and were dedicated for general purposes.

Total taxes levied were \$19,509. Taxes receivable at December 31, 2005 were \$9,789.

(4) Dedication of Proceeds and Flow of Funds - 1 Percent Sales and Use Tax

A one percent sales and use tax levied by the Town (2005 collections \$197,470; 2004 \$172,513) is dedicated to the following purposes:

Constructing, acquiring, improving and maintaining the Town's natural gas, waterworks and sewer systems, or for any one or more of said purposes, including payment of principal and interest on any bonded or funded indebtedness of the Town incurred for any of said purposes; and the town shall be further authorized to fund the proceeds of the tax into bonds from time to time for any one or more of the aforesaid purposes.

(5) Receivables

Receivables at December 31, 2005 of \$316,925 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$242,306	\$242,306
Unbilled utility	-	-	56,526	56,526
Taxes:				
Ad valorem	9,789	-	-	9,789
Franchise	1,141	-	-	1,141
Interest	<u>1,085</u>	<u>2,401</u>	<u>3,677</u>	<u>7,163</u>
Totals	<u>\$12,015</u>	<u>\$ 2,401</u>	<u>\$302,509</u>	<u>\$316,925</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Due from Other Governmental Units

Amounts due from other governmental units consisted of the following at December 31, 2005:

Amount due from the Vermilion Parish Police Jury for 2% fire insurance tax for fiscal year ending December 31, 2005	\$ 3,234
Amount due from the Vermilion Parish School Board for incorporated sales taxes for the month of December, 2005	49,491
Amount due from the State of Louisiana for state revenue sharing for the fiscal year ended December 31, 2005	1,620
Amount due from the State of Louisiana for rural development grant revenues earned during fiscal year ended December 31, 2005	5,060
Amount due from the Federal Emergency Management Agency for emergency operations due to Hurricane Katrina during fiscal year ended December 31, 2005	<u>116,640</u>
	<u>\$ 176,045</u>

(7) Restricted Assets - Proprietary Fund Type (Enterprise Utility Fund)

At December 31, 2005, restricted assets consisted of customers' deposits totaling \$24,915.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance 01/01/05	Additions	Deletions	Balance 12/31/05
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 26,949	\$ -	\$ -	\$ 26,949
Construction in progress	4,261	-	4,261	-
Other capital assets:				
Buildings	772,248	-	-	772,248
Infrastructure	10,918,705	-	-	10,918,705
Equipment, furniture and fixtures	829,258	44,741	140,201	733,798
Improvements other than buildings	790,541	90,182	-	880,723
Totals	<u>13,341,962</u>	<u>134,923</u>	<u>144,462</u>	<u>13,332,423</u>
Less accumulated depreciation				
Buildings	68,480	19,808	-	88,288
Infrastructure	2,560,740	163,895	-	2,724,635
Equipment, furniture and fixtures	444,953	51,438	113,402	382,989
Improvements other than buildings	531,087	17,916	-	549,003
Total accumulated depreciation	<u>3,605,260</u>	<u>253,057</u>	<u>113,402</u>	<u>3,744,915</u>
Governmental activities, capital assets, net	<u>\$ 9,736,702</u>	<u>\$ (118,134)</u>	<u>\$ 31,060</u>	<u>\$ 9,587,508</u>
Business-type activities:				
Capital assets being depreciated				
Electric system	\$ 1,558,884	\$ -	\$ 16,277	\$ 1,542,607
Gas system	1,498,891	-	-	1,498,891
Water system	3,497,399	6,376	-	3,503,775
Sewer system	2,907,087	9,707	-	2,916,794
Totals	<u>9,462,261</u>	<u>16,083</u>	<u>16,277</u>	<u>9,462,067</u>
Less accumulated depreciation				
Electric system	1,220,496	38,916	16,277	1,243,135
Gas system	581,287	41,278	-	622,565
Water system	907,647	111,628	-	1,019,275
Sewer system	1,592,599	84,940	-	1,677,539
Total accumulated depreciation	<u>4,302,029</u>	<u>276,762</u>	<u>16,277</u>	<u>4,562,514</u>
Business-type activities, capital assets, net	<u>\$ 5,160,232</u>	<u>\$ (260,679)</u>	<u>\$ -</u>	<u>\$ 4,899,553</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 25,104
Public safety	31,232
Public works	<u>196,721</u>
Total depreciation expense	<u>\$253,057</u>

Depreciation expense was charged to business-type activities as follows:

Electric	\$ 38,916
Gas	41,278
Water	111,628
Sewer	<u>84,940</u>
Total depreciation expense	<u>\$276,762</u>

(9) Capital Lease

The Town is obligated under a capital lease which was used in the acquisition of a fire truck at a cost of \$137,749. The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of December 31, 2005.

<u>Fiscal Year</u>	<u>Total Amount</u>
2006	\$ 13,986
2007	13,986
2008	13,986
2009	13,986
2010	13,986
2011-2015	69,930
2016-2018	<u>55,939</u>
Total minimum lease payments	181,813
Less: Amount representing interest	<u>(56,544)</u>
Present value of net minimum lease payments	<u>\$ 125,269</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at December 31, 2005:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ 12,960	\$ 56,106	\$ 69,066
Other liabilities	<u>3,674</u>	<u>3,063</u>	<u>6,737</u>
Totals	<u>\$ 16,634</u>	<u>\$ 59,169</u>	<u>\$ 75,803</u>

(11) Employee Retirement

All employees of the Town are participants of the Social Security System. For the year ended December 31, 2005, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the year ended December 31, 2005, amounted to \$41,342. Membership in the Municipal Police Employees' Retirement System (MPERS) is mandatory for any full-time officer meeting the statutory criteria, provided they do not participate in the Social Security System. Since all Town employees are participants in the Social Security System, the Town had no required contributions to MPERS for the year ended December 31, 2005.

(12) Commitments and Contingencies

Litigation

At December 31, 2005, there is a single suit pending against the Town. Counsel for the Town is of the opinion that the likelihood of loss to the Town is remote.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Segment Information for the Enterprise Fund

The Town of Gueydan maintains one enterprise fund with four departments providing electric, gas, water, and sewerage services. Segment information for the year ended December 31, 2005 was as follows:

	Electric Dept.	Gas Dept.	Water Dept.	Sewerage Dept.	Total Enterprise Fund
Operating revenues	<u>\$ 1,947,764</u>	<u>\$ 450,275</u>	<u>\$ 68,084</u>	<u>\$ 79,280</u>	<u>\$ 2,545,403</u>
Operating expenses:					
Depreciation	38,916	41,278	111,628	84,940	276,762
Other	<u>1,307,064</u>	<u>376,332</u>	<u>88,520</u>	<u>75,582</u>	<u>1,847,498</u>
Total operating expenses	<u>1,345,980</u>	<u>417,610</u>	<u>200,148</u>	<u>160,522</u>	<u>2,124,260</u>
Operating income (loss)	<u>\$ 601,784</u>	<u>\$ 32,665</u>	<u>\$ (132,064)</u>	<u>\$ (81,242)</u>	<u>\$ 421,143</u>

(14) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2005, follows:

Mayor:	
Chris Theriot	<u>\$ 9,600</u>
Aldermen:	
David Dupuis	2,400
Michael Gaspard	2,400
Charlotte Venable Hartwell	2,400
Jude Reese	2,400
Althea Williams	<u>2,400</u>
	<u>\$ 12,000</u>

(15) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Interfund Transfers

Transfers consisted of the following at December 31, 2005:

	Transfers In	Transfers Out
Major governmental funds:		
General Fund	\$ 738,000	\$ -
Sales Tax Special Revenue Fund	-	8,889
Total major governmental funds	<u>738,000</u>	<u>8,889</u>
Proprietary fund:		
Enterprise Fund	<u>8,889</u>	<u>738,000</u>
Total	<u>\$ 746,889</u>	<u>\$ 746,889</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2005

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 17,700	\$ 17,700	\$ 19,509	\$ 1,809
Licenses and permits	55,200	55,200	58,848	3,648
Intergovernmental	68,750	68,750	195,682	126,932
Charges for services	2,000	2,000	2,345	345
Fines and forfeitures	2,000	2,000	8,145	6,145
Interest	1,600	1,600	1,287	(313)
Other	39,700	39,700	36,848	(2,852)
Total revenues	<u>186,950</u>	<u>186,950</u>	<u>322,664</u>	<u>135,714</u>
Expenditures:				
Current -				
General government	200,843	234,853	237,672	(2,819)
Public safety	282,112	296,833	325,125	(28,292)
Public works	224,783	224,783	239,212	(14,429)
Capital outlays	117,000	117,000	113,479	3,521
Debt service:				
Principal	-	1,500	6,352	(4,852)
Interest	-	1,500	7,634	(6,134)
Total expenditures	<u>824,738</u>	<u>876,469</u>	<u>929,474</u>	<u>(53,005)</u>
Deficiency of revenues over expenditures	<u>(637,788)</u>	<u>(689,519)</u>	<u>(606,810)</u>	<u>82,709</u>
Other financing sources:				
Transfers in	<u>600,000</u>	<u>688,000</u>	<u>738,000</u>	<u>50,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(37,788)</u>	<u>(1,519)</u>	<u>131,190</u>	<u>132,709</u>
Fund balance, beginning	<u>101,411</u>	<u>101,411</u>	<u>101,411</u>	<u>-</u>
Fund balance, ending	<u>\$ 63,623</u>	<u>\$ 99,892</u>	<u>\$ 232,601</u>	<u>\$ 132,709</u>

TOWN OF GUEYDAN, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended December 31, 2005

	Budget			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Sales tax	\$ 159,000	\$ 159,000	\$ 197,470	\$ 38,470
Intergovernmental	-	-	8,927	8,927
Interest income	3,000	3,000	5,305	2,305
Total revenue	<u>162,000</u>	<u>162,000</u>	<u>211,702</u>	<u>49,702</u>
Expenditures:				
Current -				
General government				
Collection fee	2,000	2,000	2,114	(114)
Public works				
Repairs and maintenance	1,500	1,500	3,985	(2,485)
Capital outlay	-	17,183	17,183	-
Total expenditures	<u>3,500</u>	<u>20,683</u>	<u>23,282</u>	<u>(2,599)</u>
Excess of revenues over expenditures	158,500	141,317	188,420	47,103
Other financing uses:				
Transfers out	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,889)</u>	<u>(889)</u>
Excess of revenues over expenditures and other uses	150,500	133,317	179,531	46,214
Fund balance, beginning	<u>647,679</u>	<u>647,679</u>	<u>647,679</u>	<u>-</u>
Fund balance, ending	<u>\$ 798,179</u>	<u>\$ 780,996</u>	<u>\$ 827,210</u>	<u>\$ 46,214</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
Year Ended December 31, 2005
With Comparative Actual Amounts for Year Ended December 31, 2004

	2005				
	Budget			Variance -	2004
	Original	Final	Actual	Favorable (Unfavorable)	Actual
Revenues:					
Taxes -					
Ad valorem	\$ 17,700	\$ 17,700	\$ 19,509	\$ 1,809	\$ 19,192
Licenses and permits -					
Occupational licenses	55,200	55,200	58,848	3,648	56,700
Intergovernmental:					
Rural development grant	49,000	49,000	32,320	(16,680)	4,261
Federal grant	-	-	140,918	140,918	-
Beer tax	1,700	1,700	2,974	1,274	3,327
2% fire insurance	7,000	7,000	7,649	649	7,262
Fire protection program	11,050	11,050	11,821	771	11,450
Total intergovernmental	68,750	68,750	195,682	126,932	26,300
Charges for services:					
Court costs	2,000	2,000	2,345	345	1,226
Fines and forfeitures	2,000	2,000	8,145	6,145	1,688
Interest	1,600	1,600	1,287	(313)	586
Other:					
Community center	10,000	10,000	9,755	(245)	8,920
Cable franchise fee	11,300	11,300	4,956	(6,344)	8,575
Property leases	15,400	15,400	12,662	(2,738)	15,569
Miscellaneous	3,000	3,000	9,475	6,475	3,547
Total other	39,700	39,700	36,848	(2,852)	36,611
Total revenues	\$186,950	\$186,950	\$322,664	\$ 135,714	\$142,303

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
Year Ended December 31, 2005
With Comparative Actual Amounts for Year Ended December 31, 2004

	2005			Variance -	2004
	Budget			Favorable	
	Original	Final	Actual	(Unfavorable)	Actual
Current:					
General government -					
Mayor salary and expense	\$ 9,600	\$ 9,600	\$ 9,600	\$ -	\$ 9,600
Councilmen salary	12,000	12,000	12,000	-	12,000
Office salaries	76,600	78,800	78,701	99	76,434
Magistrate salary	3,000	3,000	3,000	-	2,944
Janitorial salary	3,780	3,780	3,416	364	3,612
Attorney fee	10,350	4,700	4,680	20	4,157
City hall repairs	5,000	5,000	11,203	(6,203)	3,172
City park maintenance	3,000	3,000	3,850	(850)	960
Dues and subscriptions	2,460	2,460	5,641	(3,181)	4,233
Telephone	7,270	7,270	5,419	1,851	7,575
Other	2,840	40,300	40,292	8	4,829
Recreation	1,500	1,500	3,008	(1,508)	2,165
Audit	1,700	1,700	1,300	400	1,975
City hall utilities	3,000	3,000	3,939	(939)	2,268
Office supplies	3,000	3,000	4,104	(1,104)	3,226
Printing and minutes	2,950	2,950	3,416	(466)	3,857
Office equipment	500	500	2,325	(1,825)	90
Travel and seminars	6,100	6,100	5,991	109	5,993
Payroll taxes	7,360	7,360	7,667	(307)	7,769
Insurance	38,833	38,833	28,120	10,713	42,256
Total general government	200,843	234,853	237,672	(2,819)	199,115

(continued)

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
Year Ended December 31, 2005
With Comparative Actual Amounts for Year Ended December 31, 2004

	2005			Variance -	
	Budget			Favorable	2004
	Original	Final	Actual	(Unfavorable)	Actual
Public safety -					
Police department:					
Salary - police chief	21,833	21,833	26,294	(4,461)	23,819
Salary - police officers	66,484	66,484	75,818	(9,334)	63,061
Uniform allowance	1,500	1,500	2,783	(1,283)	1,860
Supplies	3,000	3,000	8,372	(5,372)	4,937
Audit	1,700	1,700	1,300	400	1,975
Vehicle expense	13,200	13,200	13,148	52	12,095
Insurance	20,400	20,400	20,395	5	22,896
Communications	1,000	1,000	679	321	256
Repairs and maintenance	3,400	3,400	3,975	(575)	-
Telephone	4,400	4,400	4,399	1	6,465
Seminars and training	2,000	2,000	1,269	731	1,570
Other	2,500	2,500	7,508	(5,008)	4,316
Utilities	1,150	1,150	2,150	(1,000)	987
Payroll taxes	6,604	8,500	8,408	92	7,191
Total police department	149,171	151,067	176,498	(25,431)	151,428
Fire department:					
Salaries	79,800	91,400	91,377	23	81,233
Audit	1,700	1,700	1,300	400	1,975
Insurance	29,766	29,766	30,246	(480)	36,159
Payroll taxes	6,275	7,500	7,461	39	6,612
Uniform allowance	750	750	1,348	(598)	543
Materials	1,200	1,200	5,465	(4,265)	12,807
Fire truck expense	6,000	6,000	4,365	1,635	6,691
Fire and rescue equipment	1,500	1,500	332	1,168	4,028
Communications	1,500	1,500	170	1,330	1,035
Seminars and training	500	500	-	500	273
Telephone	2,100	2,100	2,718	(618)	1,968
Other	750	750	1,839	(1,089)	1,303
Utilities	1,100	1,100	2,006	(906)	988
Total fire department	132,941	145,766	148,627	(2,861)	155,615
Total public safety	282,112	296,833	325,125	(28,292)	307,043

(continued)

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
Year Ended December 31, 2005
With Comparative Actual Amounts for Year Ended December 31, 2004

	2005				
	Budget		Actual	Variance -	2004
	Original	Final		Favorable (Unfavorable)	Actual
Public works -					
Streets and bridges:					
Salaries	113,800	113,800	127,617	(13,817)	112,904
Gravel, shell, and asphalt	15,500	15,500	4,159	11,341	10,017
Communications	250	250	987	(737)	129
Truck and tractor	15,000	15,000	15,355	(355)	12,306
Audit	1,700	1,700	1,506	194	1,975
Utilities	500	500	1,434	(934)	502
Insurance	25,973	25,973	27,821	(1,848)	25,371
Other	2,500	2,500	5,868	(3,368)	3,851
Payroll taxes	8,880	8,880	8,244	636	11,714
Street signs	750	750	544	206	489
Total streets and bridges	<u>184,853</u>	<u>184,853</u>	<u>193,535</u>	<u>(8,682)</u>	<u>179,258</u>
Street safety:					
Salaries	1,900	1,900	1,918	(18)	1,899
Payroll taxes	160	160	147	13	145
Insurance	100	100	127	(27)	96
Total street safety	<u>2,160</u>	<u>2,160</u>	<u>2,192</u>	<u>(32)</u>	<u>2,140</u>
Drainage department:					
Materials	10	10	10	-	96
Weed control	5,155	5,155	4,935	220	1,110
Vehicle and equipment	3,855	3,855	3,603	252	5,975
Other	-	-	144	(144)	-
Insurance	-	-	-	-	416
Audit	1,100	1,100	1,094	6	1,975
Total drainage department	<u>10,120</u>	<u>10,120</u>	<u>9,786</u>	<u>334</u>	<u>9,572</u>

(continued)

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
Year Ended December 31, 2005
With Comparative Actual Amounts for Year Ended December 31, 2004

	2005			
	Budget		Variance -	2004
	Original	Final	Favorable (Unfavorable)	Actual
Sanitation - trash:				
Audit	-	-	-	1,975
Materials	1,900	1,900	(43)	-
Other	1,000	1,000	(2,047)	739
Total sanitation - trash	<u>2,900</u>	<u>2,900</u>	<u>(2,090)</u>	<u>2,714</u>
Community center:				
Salaries	2,000	2,000	(486)	2,288
Payroll taxes	150	150	(39)	173
Audit	-	-	(1,300)	-
Supplies	2,100	2,100	(118)	2,392
Telephone	2,100	2,100	51	2,669
Utilities	8,000	8,000	(112)	8,661
Repairs and maintenance	500	500	(943)	321
Dues and subscriptions	2,200	2,200	(49)	1,732
Other	500	500	(431)	654
Insurance	7,200	7,200	(532)	7,167
Total community center	<u>24,750</u>	<u>24,750</u>	<u>(3,959)</u>	<u>26,057</u>
Total public works	<u>224,783</u>	<u>224,783</u>	<u>(14,429)</u>	<u>219,741</u>
Capital outlays	<u>117,000</u>	<u>117,000</u>	<u>3,521</u>	<u>95,361</u>
Debt service:				
Principal	-	1,500	(4,852)	6,128
Interest	-	1,500	(6,134)	7,858
Total debt service	<u>-</u>	<u>3,000</u>	<u>(10,986)</u>	<u>13,986</u>
Total expenditures	<u>\$ 824,738</u>	<u>\$ 876,469</u>	<u>\$ (53,005)</u>	<u>\$ 835,246</u>

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule - Other Financing Sources
Year Ended December 31, 2005
With Comparative Actual Amounts for Year Ended December 31, 2004

	2005				
	Budget			Variance -	2004
	Original	Final	Actual	Favorable	Actual
				(Unfavorable)	
Other financing sources:					
Transfers in	\$ 600,000	\$ 688,000	\$ 738,000	\$ 50,000	\$ 439,976

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Governmental Funds

Combining Balance Sheet
December 31, 2005
With Comparative Totals for December 31, 2004

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals 2005</u>	<u>2004</u>
ASSETS				
Cash	\$ 7,537	\$ -	\$ 7,537	\$ 7,717
Due from other governmental units	<u>1,620</u>	<u>-</u>	<u>1,620</u>	<u>1,620</u>
Total assets	<u>\$ 9,157</u>	<u>\$ -</u>	<u>\$ 9,157</u>	<u>\$ 9,337</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:				
Unreserved, undesignated	<u>9,157</u>	<u>-</u>	<u>9,157</u>	<u>9,337</u>
Total liabilities and fund balances	<u>\$ 9,157</u>	<u>\$ -</u>	<u>\$ 9,157</u>	<u>\$ 9,337</u>

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2005
With Comparative Totals for December 31, 2004

	Special Revenue	Debt Service	Totals 2005	2004
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,124
Expenditures:				
Current -				
Public safety	180	-	180	345
Excess (deficiency) of revenues over expenditures	(180)	-	(180)	779
Other financing sources (uses):				
Transfers out	-	-	-	(34,459)
Deficiency of revenues and other sources over expenditures and other uses	(180)	-	(180)	(33,680)
Fund balance, beginning	9,337	-	9,337	43,017
Fund balance, ending	\$ 9,157	\$ -	\$ 9,157	\$ 9,337

NONMAJOR SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

State Revenue Sharing Fund -

To account for the collection and disbursement of the Town's State Revenue Sharing monies.

Police Department Narcotics Seizure Fund -

To account for the collection and disbursement of the Town's share of proceeds from drug related seizure sales.

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
December 31, 2005
With Comparative Totals for December 31, 2004

	State Revenue Sharing Fund	Police Department Narcotics Seizure Fund	Totals	
			2005	2004
ASSETS				
Cash	\$ 7,209	\$ 328	\$ 7,537	\$ 7,717
Due from other government units	<u>1,620</u>	<u>-</u>	<u>1,620</u>	<u>1,620</u>
Total assets	<u>\$ 8,829</u>	<u>\$ 328</u>	<u>\$ 9,157</u>	<u>\$ 9,337</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Total liabilities	\$ -	\$ -	\$ -	\$ -
Fund balances:				
Unreserved	<u>8,829</u>	<u>328</u>	<u>9,157</u>	<u>9,337</u>
Total liabilities and fund balances	<u>\$ 8,829</u>	<u>\$ 328</u>	<u>\$ 9,157</u>	<u>\$ 9,337</u>

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2005
With Comparative Totals for December 31, 2004

	State Revenue Sharing Fund	Police Department Narcotics Seizure Fund	Totals	
			2005	2004
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,124
Expenditures:				
Current-				
Public safety	180	-	180	345
Excess (deficiency) of revenues over expenditures	(180)	-	(180)	779
Other financing sources (uses):				
Transfers out	-	-	-	(9,541)
Deficiency of revenues and other sources over expenditures and other uses	(180)	-	(180)	(8,762)
Fund balances, beginning	9,009	328	9,337	18,099
Fund balances, ending	\$ 8,829	\$ 328	\$ 9,157	\$ 9,337

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Fund
State Revenue Sharing Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended December 31, 2005
With Comparative Actual Amounts for Year Ended December 31, 2004

	2005		Variance -	2004
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental	\$ 1,000	\$ -	\$ (1,000)	\$ 1,124
Expenditures	-	180	(180)	-
Excess (deficiency) of revenues over expenditures	1,000	(180)	(820)	1,124
Other financing sources (uses):				
Transfers out	-	-	-	(9,541)
Deficiency of revenues and other sources over expenditures and other uses	1,000	(180)	(820)	(8,417)
Fund balance, beginning	9,009	9,009	-	17,426
Fund balance, ending	\$ 10,009	\$ 8,829	\$ (820)	\$ 9,009

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Fund
Police Department Narcotics Seizure Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended December 31, 2005
With Comparative Actual Amounts for Year Ended December 31, 2004

	<u>2005</u>		<u>Variance -</u>	<u>2004</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Revenues:				
Intergovernmental	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current -				
Public safety	<u>550</u>	<u>-</u>	<u>550</u>	<u>345</u>
Deficiency of revenues over expenditures	<u>(550)</u>	<u>-</u>	<u>550</u>	<u>(345)</u>
Fund balance, beginning	<u>328</u>	<u>328</u>	<u>-</u>	<u>673</u>
Fund balance, ending	<u>\$ (222)</u>	<u>\$ 328</u>	<u>\$ 550</u>	<u>\$ 328</u>

NONMAJOR DEBT SERVICE FUND

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Public Improvement Bond Series A and B Fund -

To account for the excess of revenues over debt retirement of fully matured Public Improvement Bonds Series A and B.

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Debt Service Fund
Public Improvement Bond Series A and B Fund

Comparative Balance Sheet
December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
Cash	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE		
Reserved for debt retirement	<u>\$ -</u>	<u>\$ -</u>

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Debt Service Fund
Public Improvement Bond Series A and B Fund

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Other financing sources (uses):		
Transfer out	\$ -	\$ (24,918)
Deficiency of other financing sources over other financing uses	<u>-</u>	<u>(24,918)</u>
Fund balance, beginning	<u>-</u>	<u>24,918</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>

TOWN OF GUEYDAN, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2005 and 2004

Records maintained by the Town indicated the following number of customers were being serviced during the month of December, 2005 and 2004:

<u>Department</u>	<u>2005</u>	<u>2004</u>
Electricity (metered)	822	816
Gas (metered)	617	599
Water	728	711
Sewerage	723	707

TOWN OF GUEYDAN
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Operating Revenues and Expenses
Years Ended December 31, 2005 and 2004

	Electricity		Gas		Water		Sewer		Totals	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Operating revenues:										
Charges for services	\$1,936,942	\$1,689,493	\$ 447,745	\$416,184	\$ 67,803	\$ 70,915	\$ 78,859	\$ 79,239	\$2,531,349	\$2,255,831
Other revenues	10,822	9,377	2,530	2,251	281	375	421	500	14,054	12,503
Total operating revenues	1,947,764	1,698,870	450,275	418,435	68,084	71,290	79,280	79,739	2,545,403	2,268,334
Operating expenses:										
Salaries - plant	48,459	50,202	34,311	42,880	21,198	19,568	22,039	21,480	126,007	134,130
Fuel purchased	1,212,641	972,320	285,913	229,633	-	-	-	-	1,498,554	1,201,953
Insurance	11,053	11,628	13,875	15,978	11,288	8,576	9,190	9,049	45,406	45,231
Insurance - employees	4,622	7,349	5,528	7,349	3,717	3,674	3,717	3,674	17,584	22,046
Materials and supplies	10,540	4,290	11,105	6,587	3,236	16,275	7,994	8,169	32,875	35,321
Auditing and accounting	1,300	1,975	1,300	1,975	1,300	1,975	1,300	1,975	5,200	7,900
Printing, stationary, and supplies	4,408	5,708	-	-	-	-	-	-	4,408	5,708
Depreciation	38,916	42,903	41,278	43,432	111,628	110,273	84,940	78,985	276,762	275,593
Repairs and maintenance	5,114	17,423	11,859	37,065	10,448	11,881	9,525	2,207	36,946	68,576
Seminars and workshops	9	42	5,808	4,263	17	246	-	306	5,834	4,857
Utilities	121	211	267	93	15,174	11,805	17,499	14,160	33,061	26,269
Payroll taxes	3,614	4,748	2,625	3,280	1,622	1,497	1,365	1,496	9,226	11,021
Bad debt expense	1,396	4,571	-	-	-	-	-	-	1,396	4,571
Miscellaneous	3,787	7,599	3,741	663	20,520	1,002	2,953	2,310	31,001	11,574
Total operating expenses	1,345,980	1,130,969	417,610	393,198	200,148	186,772	160,522	143,811	2,124,260	1,854,750
Net operating income (loss)	\$ 601,784	\$ 567,901	\$ 32,665	\$ 25,237	\$ (132,064)	\$ (115,482)	\$ (81,242)	\$ (64,072)	\$ 421,143	\$ 413,584

TOWN OF GUEYDAN, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds
December 31, 2005

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Major Governmental Funds:			
General Fund:			
Money market investment account - Bank of Gueydan	N/A	0.00%	\$ 18,091
Certificates of deposit -			
Bank of Gueydan	3/21/2006	2.40%	36,211
Vermilion Bank & Trust	1/17/2006	2.00%	<u>34,629</u>
Total General Fund			<u>88,931</u>
Sales Tax Fund:			
Certificates of deposit -			
Bank of Gueydan	2/3/2007	2.40%	44,509
Bank of Gueydan	8/6/2006	2.40%	47,091
Bank of Gueydan	5/3/2006	2.50%	55,288
Bank of Gueydan	5/19/2006	2.80%	50,249
Bank of Gueydan	6/7/2006	2.80%	37,878
Bank of Gueydan	1/6/2006	1.90%	52,353
Vermilion Bank & Trust		0.00%	<u>34,426</u>
Total Sales Tax Fund			<u>321,794</u>
Total Major Governmental Fund			<u>410,725</u>
Utility Fund:			
Money market investment accounts:			
Bank of Gueydan	N/A	0.25%	432,816
Bank of Gueydan	N/A	0.25%	21,788
Certificates of deposit:			
Bank of Gueydan	2/19/2007	2.40%	85,508
Bank of Gueydan	6/14/2007	1.25%	4,297
Bank of Gueydan	1/6/2006	1.90%	128,999
Bank of Gueydan	5/1/2007	2.90%	27,095
Bank of Gueydan	5/26/2006	5.75%	6,000
Bank of Gueydan	4/27/2006	2.50%	<u>122,214</u>
Total Utility Fund			<u>828,717</u>
Total all funds			<u>\$1,239,442</u>

COMPLIANCE AND INTERNAL CONTROL

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA

Tynes E. Mixon, Jr., CPA
Allen J. LaBry, CPA
Harry J. Clossio, CPA
Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
James R. Roy, CPA
Robert J. Metz, CPA
Kelly M. Doucet, CPA
Kenneth J. Rachat, CPA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Chris Theriot, Mayor
and members of the Board of Aldermen
Town of Gueydan, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the Town of Gueydan, Louisiana's basic financial statements and have issued our report thereon dated January 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Gueydan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 05-1(IC).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Gueydan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 05-2(C).

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
January 30, 2006

TOWN OF GUEYDAN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2005

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/05) --						
<u>Internal Control:</u>						
05-1(IC)	Unknown	Due to the small number of employees, the Town of Gueydan did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	N/A	No response is considered necessary.	Roxanna Hebert, Town Clerk	N/A
<u>Compliance</u>						
05-2(C)	12/31/2005	Actual total expenditures in the General Fund exceeded budgeted expenditures by more than 5%. LSA-RS 39:1311 requires the Town to amend the budget when actual plus projected expenditures for the year exceed budgeted expenditures by 5% or more.	Yes	The Town of Gueydan will closely monitor the budgeted and actual expenditures to determine if amendments to the original budget are necessary.	Roxanna Hebert, Town Clerk	12/31/2006
PRIOR YEAR (12/31/04) --						
<u>Internal Control</u>						
04-1(IC)	Unknown	Due to the small number of employees, the Town of Gueydan did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	N/A	No response is considered necessary.	Roxanna Hebert, Town Clerk	N/A